D2.15/2:20/5

COMMANDERS DIGEST
VOL. 20, NO. 5/MARCH 3, 1977

Today's Critical Defense Challenges

By
Dr. Harold Brown
Secretary of Defense

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By DR. HAROLD BROWN, *Secretary of Defense*

What follows is a discussion of President Carter's amendments to the defense budget for FY 1978 and the proposed authorization for FY 1979. These changes come at a time when we seek to bring about a stabilization and reduction in the arms competition and, at the same time, ensure that, whatever the outcome of those efforts, the security of the United States and its interests remains unimpaired. Both objectives require that we demonstrate restraint, buy only what we need, and produce the essential combat capabilities at the minimum possible costs.

Although increasing challenges could arise in the years ahead, they will be fully met as long as we remain alert, adjust our programs in a timely way, and are prudent in the use of our resources. The amendments I will discuss here are intended to reflect those standards.

Some of the amendments propose decreases in Total Obligational Authority (TOA). Others recommend increases. Their net effect is a reduction of $2.8 billion in TOA for FY 1978.

Specific amendments have been shaped by three factors:

- the time constraints imposed by the Congressional timetable for the budget;
- a preliminary assessment that we are developing a U.S. force structure which, overall, is not very far from our needs as we now see them; and
- evidence that we can increase our efficiency in providing muscle to the force structure.

I will explain each of these factors briefly before going on to describe, and provide the basis for, our proposed amendments.

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Maintaining Security While Demonstrating Restraint

Procurement of the B-1 Bomber (shown in flight, above) has been reduced from eight aircraft to a total of five. It is an interim measure pending a production decision.

Time Constraint

I hardly need dwell on the role of time in determining what amendments the President could realistically recommend to the Congress. While we have had the benefit of an orderly and cooperative transition, the formal review of the defense budget and my opportunity to consult with the Military Departments and the Joint Chiefs of Staff have been confined to a period of less than four weeks. Because of this time constraint, we are necessarily accepting the bulk of the Ford administration's budget. Our proposed changes—in both directions—are largely at the margins of existing and previously proposed programs.

Thus, we have by no means completed our task. We will continue to review the assumptions underlying the force structure proposed by the Ford administration. We will then evolve, if that is indicated by those reviews, more fundamental changes in existing force structure plans. We also will expand our search for greater efficiency in the design and implementation of needed defense programs. In particular, in the coming months we will be seeking efficiencies in personnel utilization and basing and logistic costs that can be translated into greater combat capability and readiness. Should the basis for further changes in the FY 1978 budget be found, we will not hesitate to propose additional amendments to Congress. I anticipate, however, that the principal results of our continuing review will be reflected in President Carter's defense budget for FY 1979.

You may be confident that as we develop the FY 1979 budget, our first concern will be to maintain the independence and integrity of the United States and the means to preserve its territory from military attack. They are bedrock requirements on which everything else depends. Our programs must also provide adequate insurance against the uncertainties of the future. At the same time, they should be adaptable to increases and decreases in those uncertainties. As events unfold, diplomatic negotiation and military competition may alternate or run side by side. The intentions of other powers may become clearer or grow more enigmatic. Whatever the mixture, our responses and our defense posture must change accordingly. The hallmarks of our efforts for the foreseeable future must be strength and flexibility.

Sufficiency

If we are to satisfy these basic conditions of security, we must, in the first instance, have an adequate nuclear and non-nuclear force structure. What constitutes adequacy or sufficiency obviously cannot be taken as given or invariant over time. Sufficiency is bound to depend on a number of changing factors and assumptions. Moreover, the judgments of reasonable people on individual areas or on the overall balance may differ.

To the extent that we have major interests over and above the independence and territorial integrity of the United States, and to the extent that such interests are reflected in major U.S. security commitments, the potential requirement for U.S. defense forces is bound to be considerable. Where those interests and commitments are subject to military challenge, the demand for U.S. capabilities must be met.

The fact that our international interests—moral, political, economic, and strategic—are substantial and widespread is hardly a matter for debate. The coldest winter in recent history, and our increased reliance on imported oil, simply underline the current and expanding ties of the United States with the rest of the world. This involvement is not likely to decline in the years ahead. It is much more likely to grow.

This trend makes it unlikely that our security commitments can contract. Our traditional ties with Western Europe will continue to be unshakable; Japan will remain a vital member of the industrialized world and an indispensable ally in the Far East; our dedication to peace and stability in the Middle East (whose oil is important to us and vital to our allies) will not waver, nor will our commitment to the independence of Israel. The United States has long since proved itself a steadfast and generous contributor to the cause of mutual security. This administration will continue that role.

The specific demands of our worldwide role inevitably will depend to a large degree on the policies of the Soviet Union. What choices the Soviet leadership will make in the future, I do not pretend to know. Winston Churchill expressed the problem best back in 1939 when he said: "I cannot forecast to you the action of Russia. It is a riddle wrapped in a mystery inside an enigma."

What we do know, however, is that the Soviet Union commands the full panoply of modern military power and that its investment in nuclear and non-nuclear forces (on land, on—and under and over—the sea, and in the air) has been increasing for more than a decade. The capability is large in size and growing in sophistication. Much of it is concentrated in functions and regions where it can jeopardize the vital interests of the United States and its allies. Whatever the intentions of the Soviet Union, these facts make it essential for the United States, along with its allies, to respond with ample and modern military power for defense.

Primary Contingencies

We should not try to duplicate the Soviet posture— our needs are different. Nonetheless, the primary contingencies on which we must focus in determining our own force structure derive largely from the main concentrations of Soviet military power.

The large and diversified Soviet strategic nuclear forces mean that we must be concerned about and be able to counter the possiblility of nuclear attacks on the United States and its allies.

The existing concentrations of Warsaw Pact ground and tactical air forces in Eastern Europe, and the ability of the Soviet Union to reinforce them swiftly, dictate that we and our North Atlantic Treaty Organization (NATO) allies prepare both for short-warning attacks by the Warsaw Pact and the heavier attacks that could follow a period of mobilization and deployment lasting some weeks.

Northeast Asia has not necessarily gained in stability from the long-standing differences between the Soviet Union and the People's Republic of China (PRC). Large ground and tactical air forces are deployed on the Sino-Soviet border, and North Korea maintains a substantial, tank-heavy capability along the 38th Parallel. While we no longer see the need to program forces for simultaneous commitment in Western Europe and Northeast Asia, we cannot ignore the possibility of renewed warfare on the

DR. HAROLD BROWN
SECRETARY OF DEFENSE

President Jimmy Carter nominated Dr. Harold Brown to be Secretary of Defense on Jan. 20, 1977. Dr. Brown was confirmed by the U.S. Senate the same day and took the oath of office Jan. 21, 1977.

Born in New York City, Sept. 19, 1927, Dr. Brown attended New York City public schools. He was graduated from Columbia University with an A.B. degree in 1945, A.M. degree in 1946, and PhD in Physics in 1949. He has received honorary degrees (D. Eng., LL.D., and Sc.D.) from Stevens Institute of Technology, Long Island University, Gettysburg College, Occidental College, the University of California and the University of Rochester.

During the period 1947 to 1952, Dr. Brown lectured in physics at Columbia University and Stevens Institute of Technology, spent a year in post-doctoral research at Columbia, and then joined the University of California Radiation Laboratory at Berkeley as research scientist.

In 1952, when the Livermore, California, site of the E.O. Lawrence Radiation Laboratory was established, Dr. Brown became a staff member there. In July 1960, he became Director of the Lawrence Livermore Laboratory, after having held various intermediate management positions.

He was a member of the Polaris Steering Committee from 1956 to 1958, a member of the Air Force Scientific Advisory Board—1956–61, and also consultant to and then member of the President's Science Advisory Committee from 1958 to 1961. He was senior science advisor at the Conference on the Discontinuance of Nuclear Tests in 1958 and 1959, and a delegate to the Strategic Arms Limitations Talks in Helsinki, Vienna, and Geneva, beginning in 1969.

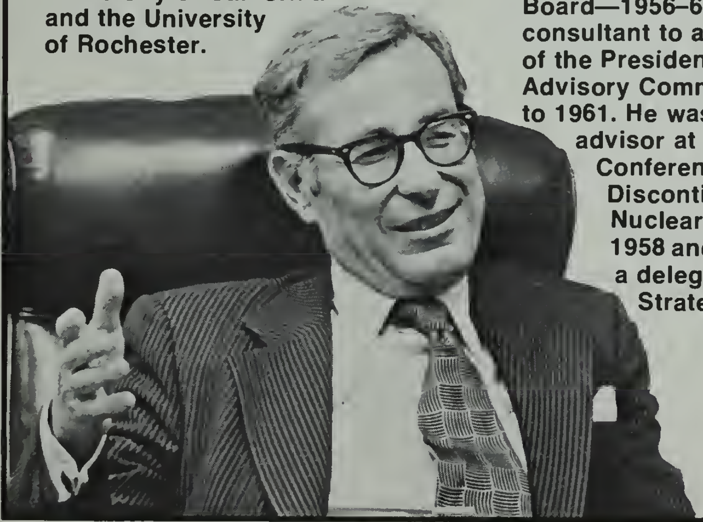
In May 1961, Dr. Brown became Director of Defense Research and Engineering. He held this position until Sept. 30, 1965. On Oct. 1, 1965, Dr. Brown became Secretary of the Air Force, a post he held until Feb. 14, 1969.

From February 1969 until 1977, Dr. Brown was President of the California Institute of Technology in Pasadena.

Dr. Brown was named one of the 10 Outstanding Young Men of the Year by the U.S. Junior Chamber of Commerce in 1961. In the same year he received the Navy Distinguished Civilian Service Award. In 1963, he was awarded the Columbia University Medal of Excellence. In 1969, he was awarded the Air Force Exceptional Civilian Service Award and the Department of Defense Award for Exceptionally Meritorious Service.

He is a member of the National Academy of Engineering, the American Physical Society, The American Academy of Arts and Sciences, Phi Beta Kappa and Sigma Xi.

Dr. Brown is married to the former Colene McDowell. They have two daughters, Deborah, 21, a graduate student at the University of Indiana, and Ellen, 19, a sophomore at Princeton University.



Korean peninsula, or the need to support the Republic of Korea in the event of an attack.

The dangers of conflict in Europe and Northeast Asia not only require that we deploy forces overseas and be able to keep open our air and sea lines of communication to these regions; they also impose a need for central reserves of ground and tactical air forces in the continental United States, high readiness in our units, and great strategic mobility—principally in the form of long-range, wide-bodied airlift.

Other and lesser contingencies affecting our interests could arise outside of Europe and Northeast Asia, with considerable uncertainty about their precise location. Therefore, it also makes sense to program the capability to respond to one relatively minor attack, and to be able to project that capability overseas with considerable speed and flexibility. In this connection, we are obviously bound to be especially concerned about contingencies in the Middle East and Persian Gulf.

Security Conditions

During the past 30 years, a number of developments have dramatically altered the problem of ensuring U.S. security. Nuclear weapons and intercontinental delivery systems have made the United States directly vulnerable to serious attack. Sophisticated non-nuclear technology has already spread beyond the major industrialized states, and nuclear technology could follow a similar course unless the most strenuous efforts involving cooperative international action across ideological lines are made to stop it. Even relatively small wars could reach high intensities, and conflicts among the major powers could cause unprecedented destruction. In my judgment, any use of nuclear

DEFENSE NEWS BRIEFS

Armed Forces Strength Up

Numerical strength of the Armed Forces increased by 4,663 during January, the Department of Defense announced in releasing the following statistics:

	Jan. 31, 1977 preliminary	Dec. 31, 1976	Jan. 31, 1976
Total DoD	2,076,662	2,071,999	2,091,794
Army	778,839	775,051	771,335
Navy	528,700	528,578	526,966
Marine Corps	188,938	188,506	195,094
Air Force	580,185	579,864	598,399

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New Race Relations History Available

A new 227-page history entitled, "Blacks in the Army Air Forces During World War II: The Problem of Race Relations," by Air Force Major Alan M. Osur, has been released by the Office of Air Force History and is available at Government Printing Office bookstores at $2.40 per copy.

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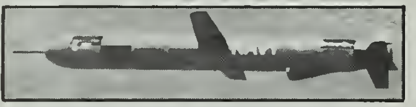
Tomahawk Makes First Transition



Navy's Tomahawk Cruise Missile made its first transition from boost flight to cruise flight at San Clemente Island, California, in late February. It was lifted off a flatbed truck trailer by a solid fuel rocket, and in mid-air started its jet engine for a brief flight over the sea range. Later this year, the Tomahawk will be launched from a submerged submarine for a longer cruise flight.

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Germany Joins SEASPARROW

SEASPARROW Project got its seventh member in February when the Federal Republic of Germany joined six other NATO allies in the joint cooperative development and production of the shipboard defense anti-missile weapon system.

The SEASPARROW is designed to be used by ships against hostile aircraft and anti-ship missiles. First production contract was awarded in 1973. Denmark, Norway, Netherlands, Belgium, Italy and the United States are the other six NATO members in the project.

Overall control resides in senior representatives from each country, but the voting power of each nation is in direct proportion to the development cost assumed by the nation.

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Register Publishes DEIS

Project Seafarer's Draft Environmental Impact Statement (DEIS) was published Feb. 18 in the Federal Register, with possible locations of the Navy's communications system in New Mexico, Nevada, and part of the upper peninsula of Michigan.

Seafarer is an extremely low frequency (ELF) radio communications system capable of transmitting messages to U.S. submarines operating at great depths and speeds throughout the world.

The Navy plans to hold a series of public hearings in the three states in late March and April.

After a DEIS is filed, it triggers a 75-day period during which the public is invited to review and comment.

weapons would run the risk of rapid escalation; a full-scale thermonuclear exchange could result only in a catastrophic outcome for both the Soviet Union and the United States.

These developments have three major implications for U.S. defense policy and programs:

- First, since security through equitable arms control agreements is in our interest, our defense planning should not jeopardize the prospects for reaching agreements that are in our interest.
- Second, since it has been the case for well over a decade that nuclear retaliation would be credible in only a limited number of circumstances, defense planning should give heavy emphasis to the U.S. non-nuclear posture and to the maintenance of a high nuclear threshold. We must still maintain sufficient tactical nuclear capabilities to preclude a gap in our defenses.
- Third, since modern technology has made warfare so destructive, defense planning should stress the credibility of both nuclear and non-nuclear deterrents.

To insist on that emphasis is not to suggest that deterrence and defense are different, or that a contradiction exists between the two. Credible deterrence and effective defense simply represent the different sides of the same security coin. Only if our defenses are appropriate and adequate to the main contingencies can our posture of deterrence be considered credible.

Because of this close relationship between defense and deterrence, the most satisfactory way to assess the sufficiency of our force structure is by testing its performance—hypothetically—in the main planning contingencies. If that performance is judged to be effective, we can be said to be preserving the balance of power and to have reasonable confidence in the deterrent success of our force structure.

Admittedly, our tests of performance in their present state constitute an art more than a science. However, with all their imperfections, these tests are more revealing than simple counts and comparisons of such inputs as men, tanks, ships, aircraft, launchers, or megatons. They focus, quite properly, on outputs and outcomes.

Overall, the balance of power measured in terms of outputs and outcomes, while in doubt in some areas (functional and geographic), is not at present unfavorable to the United States and its allies. The military power of the Soviet Union has undergone real growth during the past decade. Our vulnerabilities have increased in certain respects, but so have theirs.

There has been some tendency to exaggerate our problems. I do not wish to minimize them. However, I am confident that where they exist, they are manageable, given the application of will, skill, and appropriate resources.

Strategic Nuclear Balance

Certainly that is the case as far as the strategic nuclear balance is concerned. The Soviets have unquestionably improved their capabilities in recent years with increased throw-weight in their intercontinental ballistic missiles (ICBMs), the deployment of multiple independently targetable reentry vehicles (MIRVs), and substantial improvements in missile accuracies. Their anti-bomber defenses remain impressive, at least in numbers; they have an ambitious research and development (R&D) program for anti-ballistic missile (ABM) defense; and there is increasing evidence that they have devoted more effort than the United States to the physical elements of a civil defense program.

However, we are sure that the U.S. strategic forces could survive a well-executed Soviet surprise attack in sufficient numbers to strike back with devastating power against the appropriate Soviet target system. To the extent that control, deliberation, and selectivity are useful in this realm, we could provide them as well.

These capabilities, combined with the size, diversity, and sophistication of the U.S. strategic forces, do not support the belief that our nuclear capabilities fall short of equivalence with those of the Soviet Union.

We would prefer to see the present stability maintained or enhanced through equitable arms control agreements and at lower force levels. However, with or without such agreements, the balance can be maintained in the future without excessive effort on our part, providing that we size, select and modernize our forces adequately. We are now spending no more than one per cent of the Gross National Product (GNP) on strategic nuclear forces. While I do not foresee substantially greater proportionate expenditures on these forces in the near future, it should be quite evident that we can—and will—do whatever is necessary to keep a stable strategic balance in the years ahead.

Balance in Europe

The state of the military balance in Europe is more complex and difficult to assess. The NATO combination of conventional and nuclear forces still represents a powerful deterrent. But the Soviets have been expanding and improving their peripheral or theater nuclear forces, and have now begun the deployment of the MIRVed SS-20 movable, intermediate-range missile. During the last four years, they have also added manpower to their ground forces in Eastern Europe, provided these units with more modern equipment, and introduced aircraft into their frontal aviation that may be comparable in performance to our later-model F-4s. These improvements would give them an increased capability for sudden, offensive action in a crisis, and would provide a solid foundation on which to build in the event of a major mobilization by the Warsaw Pact.

Soviet developments call for significant improvement in NATO's non-nuclear capabilities. In view of past experience, this may appear an impossible task. But both in principle and in practice, it should be entirely feasible. NATO is not at a major disadvantage in defense manpower relative to the Warsaw Pact; it probably invests about as much in defense, in absolute terms, as the Pact does. In certain respects such as tactical aircraft, anti-tank weapons, and more modern munitions, it still retains significant advantages over the best of the Soviet forces. However, these comparative advantages are waning, and the conventional balance in Europe—while not badly tilted against NATO—is more precarious than it should be. While the Pact cannot be confident of breaking through NATO's forward defenses, NATO cannot be confident of preventing a major breakthrough.

We and our allies need to do more to make the odds less unfavorable and to minimize the risks of intimidation in a crisis. However, our problems seem to be less a shortage of forces than they are such remediable weaknesses of the current forces as maldeployment, inadequate readiness, too few artillery tubes, and insufficient long-range, wide-bodied aircraft modified to handle oversized cargoes. To the extent that more divisions and air wings might be needed for the defense of Europe in the future, it is by no means evident that it would be most efficient or politically desirable for them to be provided by the United States. Better coordination between U.S. and allied forces is essential, across the full spectrum of tactics, doctrine, equipment and logistics.

Balance in Northeast Asia

In Northeast Asia, where the interests of so many of the major nations converge, the main military balance that must concern us at present is between North and South Korea. The ground forces of South Korea are comparable in numbers and capability to those of the North, and should be able to hold defensive positions north of Seoul. However, they might require logistic and tactical air support to ensure a successful forward defense, and hence an assured deterrent.

Accordingly, while our presence in South Korea may change further with time (as it has done in the past), it probably makes sense to continue approximately our current deployments in the Western Pacific, and with them, our ability to react swiftly to any aggressive moves by North Korea. A case can also be made for Japan to share more of the burden of protecting the sea lines of communication into Northeast Asia.

Maritime Balance

We often forget that the United States is one of the great maritime nations, and that most of our allies lie at considerable distances across the oceans. In peace and war, it is essential that we keep open the major sea and air lines of communication to Europe and the Mediterranean and to Northeast Asia and the Persian Gulf.

Whatever their intentions, the Soviets have designed a naval force—submarines, long-range aircraft, surface combatants, and light carriers—which would be useful primarily in attacking our carrier task forces and seeking to sever our sea and air lines of

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> ***". . . in the process of their sustained and balanced allocation of resources to military capabilities, the Soviets have fundamentally transformed both the character and utility of their military posture. Once essentially continental in capability the military forces of the USSR are today increasingly offensive in character and global in reach."***
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> **—GENERAL ALEXANDER M. HAIG JR.,** *Army, Commander-in-Chief, U.S. European Command, before the Senate Committee on Armed Services, March 1, 1977.*

> ***"From the Joint Chiefs of Staff viewpoint, the aims of national security are threefold. Quite simply, they are:***
> ***• To insure that our territorial integrity is not breached,***
> ***• To protect our national interests around the world, including the interest we share with other nations,***
> ***• And to insure that our proper freedom of action in the world is not abridged by force—either by threat or actual use."***
>
> **—GEN. GEORGE S. BROWN, USAF,** *Chairman, Joint Chiefs of Staff, before Los Angeles World Affairs Council, February 25, 1977.*

communication. What we need to do to keep open these lines of communication is quite different from, and more demanding than, what the Soviets would need to do to close them. Consequently, side-by-side comparisons of naval forces—particularly to the extent that they are designed for quite opposite purposes—can be misleading.

What counts from our standpoint is whether the United States and its allies have the capability to maintain the essential flow of people and goods to critical theaters in a sustained conventional conflict. As far as I can judge, based primarily on the assessments of the Joint Chiefs of Staff and the Unified Commanders, we could achieve that objective even in the face of determined and repeated attacks on our lines of communication. However, I would also stress four other conclusions related to those assessments:

- First, we would probably suffer severe, though not crippling, losses of shipping during such a war at sea.
- Second, while we are improving our capability to project naval and other power into the Eastern Mediterranean, we still need to maintain our presence there, and reduce its vulnerability.
- Third, we still need to examine systematically what constitute the most effective and efficient ways to improve our performance of the sea control mission in the future, especially considering the advances being made in mine and sonar technology. More ship platforms may be necessary for close-in defense, particularly against cruise missiles. But we should also consider that upgrading the performance of individual ships may partly offset the need for more platforms.
- Fourth, keeping the terminal ends of sea lines of communication open—where the enemy can bring air, surface, and subsurface systems to bear in quantity—is the hardest part of sea control. Thus, sea control and projection of power may impose quite similar requirements on U.S. forces.

Force Balances

Acknowledging all the surrounding uncertainties, I believe that for the present and the near-term future the United States and its allies should be able to deal effectively with, and hence deter, these four major contingencies: strategic nuclear attacks, attacks in Europe, attacks in Northeast Asia, and attempts to close our main lines of communication.

In several areas—Europe and, in some locations, at sea—our forces would be less sure of success than is desirable. Additional efforts by both the United States and allied nations are therefore clearly in order. But none of these balances have tilted dramatically against us.

Technological Balance

Particular care needs to be exercised in assessing the technological balance between the United States and the Soviet Union. Our ability to deal with and deter the main contingencies of the future will depend on whether we maintain an adequate technological base and are able to respond in a timely and appropriate fashion to any technical improvements and new developments by the Soviet Union. I am confident that we have such a base now.

To the extent that we are troubled by the current balances of military power, it does not seem to me to be because we have suffered from any qualitative disadvantages in the arms competition. The best tanks the Soviets have in any significant

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WHAT THEY ARE SAYING...

“Again this year, we are proposing another increment of the ongoing program to provide physical protection for tactical aircraft assigned to Europe in support of our NATO commitment. In FY 1978 we are requesting $95.9 million to prefinance some 76 shelters with associated hardened support facilities for this vital program. We must continue this vital program and remain mindful and deeply concerned with the threat to air superiority if we failed to adequately protect these essential resources.”

—**PERRY J. FLIAKAS,** *Deputy Assistant Secretary of Defense (Installations and Housing), before the Subcommittee on Military Construction, Senate Appropriations Committee, February 22, 1977.*

numbers may be more effective than the best tanks we have in any significant numbers. But that disparity is not a reflection of technological inferiority on our part. It is rather the result of our having underinvested in equipment during the past decade. Unlike the Soviets, we have been largely living off the investments we made in the late 1950s and early 1960s. Even so, our last-generation aircraft are still probably superior to the newer Soviet models. So are our ships and submarines, although the Soviets have temporarily stolen a march on us in the realm of relatively short-range antiship cruise missiles.

We should not underestimate the competition. The Soviets have been increasing their R&D expenditures. The number of trained personnel going into military R&D is estimated to be growing; R&D facilities are undoubtedly expanding. Soviet military equipment is becoming more sophisticated and capable.

The Soviets are bound to draw level with us in certain mature technologies. They could probably concentrate R&D resources in a few new technologies and draw ahead of us in them. To do so, however, they would have to pay a severe penalty in other areas. I say this because, on balance, despite the strides they have made, our technological base for future weapons remains broader and deeper than theirs.

It is essential to keep that advantage, especially in light of the secrecy that surrounds Soviet research and development. Current and programmed budgets should enable us to do so.

Generally speaking, there is no reason for immediate or grave alarm about our ability to deter major military actions by the Soviet Union. Future nuclear and conventional arms control agreements may contribute to and reinforce the stability of the current stuation. But if the Soviets continue to expand their military capabilities, we will have to continue our own deliberate, selective, and responsive buildup. Military superiority on the part of the Soviet Union—real or perceived—is not a condition that the United States and its allies can or need to accept.

Even if quite pessimistic assumptions about the future were accepted, our task should still be quite manageable. As far as I can foresee in my preliminary review, there will be no need for major changes in the size of the programmed U.S. force structure.

However, we will have to resolve such issues as:

- the future composition of the strategic nuclear Triad in light of the growing vulnerability of fixed, hard ICBMs;
- the size and composition of our naval forces;
- the tonnages our strategic mobility forces should be able to move, and the types of cargoes they should be able to carry; and
- how much of our capability should be deployed in which overseas theaters, and how much retained in a central reserve.

We will also need to invest more in the modernization of existing capabilities. As I have already noted, a comparison of U.S. with Soviet investments during the past 20 years will show that, cumulatively, we have made as large an effort as the Soviets. However, a major part of the U.S. effort came during the past decade. We have probably lived off our earlier investments longer than we should. We have some catching up to do.

Because numbers count in the deterrence of conventional war, we need to increase our acquisition of modern materiel: of ground force equipment, ships, and aircraft. The tank program has already been expanded, so has the ship construction program. Older combat aircraft will have to be replaced by our latest models. Our war reserve stocks will have to be built up to accommodate the high rates of consumption anticipated in combat. More modern munitions must be added to those stocks. We can and will increase the readiness and combat power of the U.S. ground and tactical air forces deployed in Europe. We will also improve our ability to reinforce and sustain them.

Force structure requirements and the need for force modernization indicate that, in general terms, we should follow the course set by the FY 1978 budget of the Ford administration. However, the costs of essential modernization must be

Six fewer HAWK missiles will be bought in FY 1978.

Full scale development of the antiship version of the Navy's Tomahawk cruise missile will be delayed in order to balance essential related programs.

Modifications in the shipbuilding program include a $320 million reduction for nuclear submarines. Pictured here is an SSN-662 surfacing through Polar ice pack.

kept within reasonable bounds. We must limit our requests for production to those items that have been proved out in development and can be related to specific military missions and objectives. Where design problems remain to be solved, production can wait.

Efficiency Important

The need to modernize the current force structure—and invest in the technology underlying the capabilities of the decades ahead—is equalled in importance by the need to be efficient and humane in producing current and future security.

It is a poor use of resources to buy modern, expensive weapons systems, yet refuse to invest what is necessary to keep them combat-ready, survivable, and sustainable.

Since the cost of our personnel is high, we cannot afford to waste individuals on unproductive command and support functions.

Personnel costs also make it essential to develop a balanced program of incentives to ensure the recruitment, retention, well-being, and increasing productivity of the needed men and women—civilian as well as military. We need to care, and show that we care, about those for whom national security is a calling—not merely a job.

Finally, however desirable it may be to explore new technologies and systems, we must refrain from moving them into engineering development or full-scale production until they have demonstrated acceptably low technical risk, on-time availablility of all sub-systems, and combat effectiveness commensurate with their costs. Where at all possible, such effectiveness should be demonstrated by operational test and evaluation of prototypes. Our needs are rarely so urgent that we must incur the high costs of concurrent development and procurement of each new system. We have the time, in most instances, to test before we invest.

Our review of the FY 1978 budget has been conducted with these principles in mind. As you will see, most of the proposed amendments affect our investment accounts. This is inevitable in a quick review, but by no means signals the full extent of our long-term intent. These changes aim precisely at avoiding too much concurrency, duplication, and later modification of supposedly developed systems. They also defer decisions where the need for systems, or for the programmed number of systems, has not been adequately justified.

Larger efficiencies—whether taken in savings or reflected in greater combat capability—cannot occur overnight. Improved personnel policies, more appropriate basing arrangements, and leaner support structures need careful study, consideration of environmental effects, and Congressional support. They can be accomplished only through sustained effort and only over a period of years.

Proposed Amendment Impact
(In Billions of Current Dollars)

	FY 1976 ACTUAL	*FY 1977 ESTIMATE*	*FY 1978 ESTIMATE*	*INCREASE FY 1977-78*
JANUARY 1977				
Total Obligational Authority (TOA)	**97.5**	**110.2**	**123.2**	**13.0**
Budget Authority (BA)	**102.2**	**106.6**	**120.5**	**13.9**
Outlays	**88.5**	**98.3**	**110.1**	**11.8**
FEBRUARY 1977, AMENDMENT				
Total Obligational Authority (TOA)	**97.5**	**110.2**	**120.4**	**10.2**
Budget Authority (BA)	**102.2**	**106.6**	**117.7**	**11.1**
Outlays	**88.5**	**98.3**	**109.7**	**11.4**

TABLE 1

FY 1978 Budget Changes

Now let me turn to specifics of the budget review we have completed. The impact of the proposed amendments is shown in Table 1. I will discuss the individual amendments and both January 1977 totals and February 1977 amended totals. Reasons for recommending these changes comprise the remainder of this issue.

Increases

We are requesting increases in FY 1978 TOA amounting to $605 million. Several programs are aimed at improving the defense of Europe and entail additions of:

—$60 million to improve airfield readiness in Europe. This total will allow us to buy 40 more shelters, provide essential support facilities at European Collocated Operating Bases, and introduce various passive defense measures for in-place, dual-based, and rapid-reaction U.S. aircraft.

—$50 million to expand facilities for prepositioned stocks of equipment in Europe. We need six additional equipment maintenance complexes and new ammunition igloos at dispersed locations.

—$15 million to modify additional Civil Reserve Aircraft Fleet (CRAF) wide-bodied aircraft. An increase of four aircraft will ensure realistic production costs and make the program more attractive to commercial carriers.

Other proposed increases entail:

—$200 million for construction and maintenance projects at domestic defense installations least likely to be affected by our study of current and future basing requirements.

—$280 million to cover the most urgent of the FY 1978 unfunded equipment overhauls and repairs, and thereby improve the combat readiness of the current force posture.

These increases will be more than offset by reductions in other programs. Total decreases for FY 1978 are estimated at $3.4 billion. The net reduction in FY 1978 TOA will amount to $2.8 billion.

Strategic Force Programs

We plan to reduce the FY 1978 TOA for the strategic nuclear forces by $517 million. This will still permit real growth in strategic programs of about two per cent from FY 1977 to FY 1978. Most of the decreases will come from deferring or slowing down major procurement programs, although we are proposing outright cancellation in the case of Minuteman III production.

The proposed reductions are:

—$280 million in the B-1 bomber program. A decision on production of the B-1 has not yet been made by this administration. However, as an interim measure, we plan to reduce the total procurement in FY 1978 from eight to five aircraft. If full-scale production should be directed, this would permit a more prudent rate of production in the early stages of the program while testing continued on configuration changes in the bomber.

—$23.4 million in SRAM-B air-to-surface, short-range attack missile program. This will defer production of the SRAM-B in line with the interim decision on the B-1 program; it will also provide further opportunity to compare the SRAM-B with alternatives such as SRAM-A and cruise missiles in terms of cost and effectiveness.

—$160 million in the M-X ICBM program. This will permit us to continue the M-X in advanced development while we improve its subsystems and examine more fully the preferred basing mode for the missile.

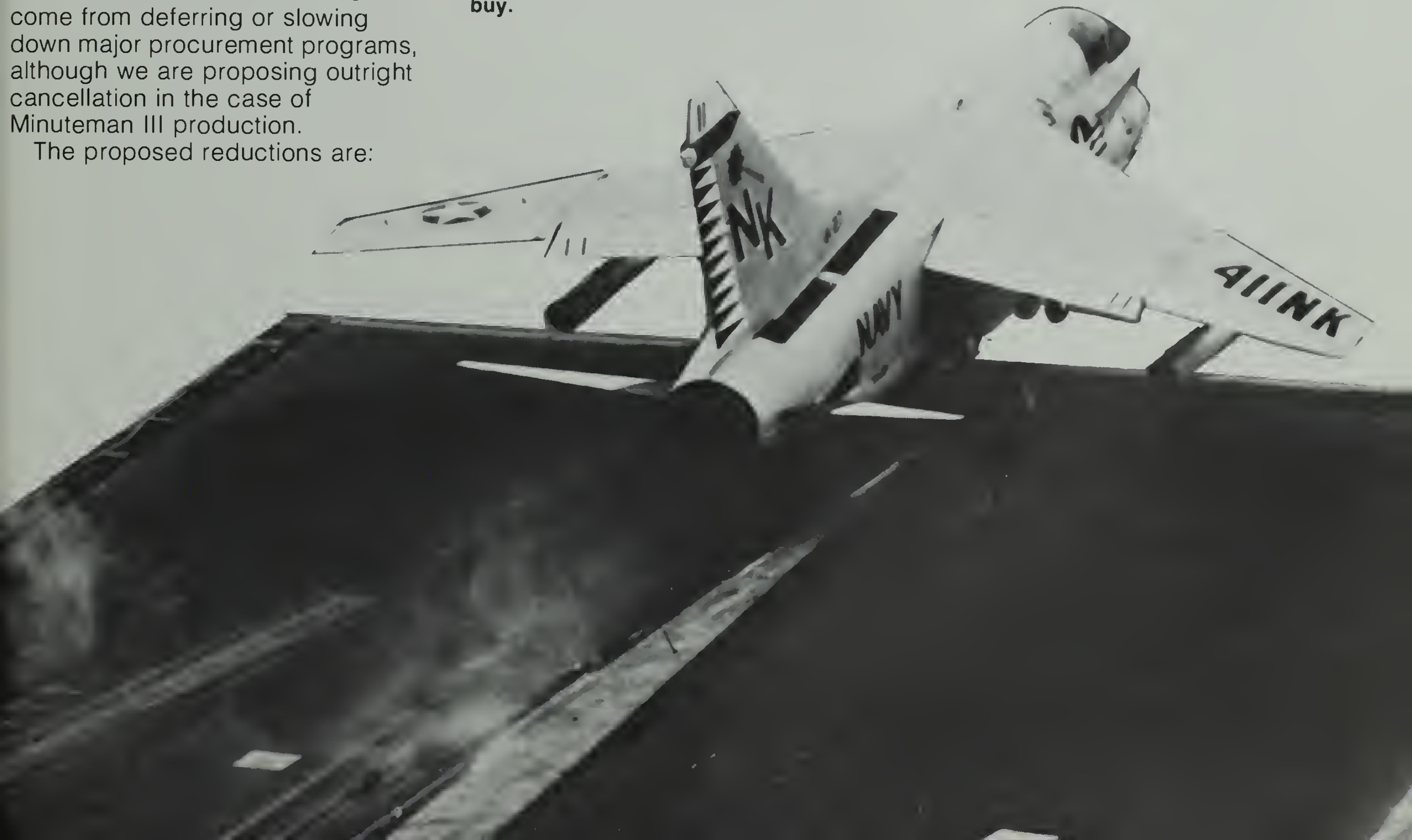
—$26.3 million in the Follow-on Interceptor program. This defers commitment to the F-15 while further consideration is given to the potential bomber threat, other candidate systems, the possible use of tactical aircraft based in the United States, and the total future need for manned interceptors.

—$27.2 million in the Polaris nuclear powered ballistic missile submarine (SSBM) program. This will permit deferral of their overhauls, since extension in nuclear core life is feasible.

General Purpose Force Programs

Reductions in FY 1978 TOA will amount to about $2.0 billion. Before detailing these reductions, one decision without any net budgetary impact should be mentioned. We plan to delay somewhat the full-scale development effort on the antiship version of the Navy's Tomahawk cruise missile in order to

Procurement of A-7E Attack Aircraft will be terminated with the FY 77 buy.



bring it into balance with essential related programs. However, the funds saved will be used to increase the development effort on the Air Force ground-launched cruise missile (GLCM).

Net reductions, planned in two major ground force programs are:

—$77.7 million in the non-nuclear Lance program. This reduction, which would terminate the program, is justified because non-nuclear Lance duplicates our tactical air capabilities. Most of the planned targets are such that their location is uncertain by more than the effective lethal radius of the warhead. Moreover, the non-nuclear use could jeopardize the survivability of nuclear Lance by disclosing its location.

—$35.3 million in the Hawk program. Six fewer Hawk battery sets would be bought. Less expensive ways than a large inventory are available to maintain Hawk readiness.

Another $947 million in reduction would result from slowing development or revising production schedules for six rotary and fixed-wing aircraft. The specific reductions are:

—$100 million in the Advanced Attack Helicopter (AAH) program. This will slow the pace of full-scale development on the AAH and give the Army further time to consider the survivability of the helicopter and review other approaches to the antitank mission.

—$62 million in the CH53E heavy-lift helicopter program. This revision will minimize the existing concurrency between development and production.

—$334 million in the F-15 tactical fighter program. This reduction will still allow substantial production, and maintenance of a going production base for the F-15, while a further analysis is made of the preferred mix of F-15 and F-16 aircraft.

—$276.6 million in the Advanced Tanker-Cargo Aircraft (ATCA) program. This will defer procurement of the ATCA pending a further assessment of our tanker and airlift needs and a determination of the right combination of aircraft for these missions.

—$150 million in the Airborne Warning and Control System (AWACS) program. This revision will reduce AWACS procurement in FY 1978 from six to three aircraft and permit us to consider both the role of the AWACs in Continental Air Defense and the total number of aircraft needed.

—$24.4 million in the A-7E attack aircraft program. The entire program will be terminated with the FY 1977 buy. The six additional A-7Es requested in the budget submitted in January would not add significantly to the effectiveness of the light attack aircraft force.

Another reduction of $892 million in FY 1978 TOA can be safely made by modifications in our ambitious shipbuilding program. The specific modifications would be:

—$187 million in savings from cancellation of the nuclear strike cruiser (CSGN) program. This decision stems from the fact that nearly two DDG-47 destroyers equipped with Aegis, which would perform the same basic air defense mission, could be produced for the price of one CSGN, and would be more effective in the defense of carrier task forces. There may also be a less costly way to put the Aegis capability into the Fleet on nuclear powered ships than with what has come to be known as the strike cruiser; we will study that in depth before changing the five-year shipbuilding plan.

—$43 million in savings from cancellation of the proposed conversion of a support ship (AGHS) for use with Patrol Hydrofoil, Missile (PHM). The PHM will add only marginally—at high unit cost—to our already large programmed antiship missile capability, and then in but a few operational situations. Although prior year funds are available to complete construction of a squadron of six PHMs, this entire program must be reviewed further.

—$230 million in reductions to the nuclear attack submarine (SSN) program. This revision would result in the procurement of one less SSN in FY 1978 and one more each in FY 1979 and 1980, which is justified simply because there is already a large backlog of SSN orders, and slippage in ship delivery schedules is taking place. We are adjusting the programmed FY 1979 and 1980 procurement upward from one each year to two each year; a 3-1-2-2-2-2 profile for FY 1977–82 will translate into a stable actual construction rate of two per year. This adds one submarine to the five-year program proposed in January.

—$282 million in reductions to the Guided Missile Frigate (FFG) program. This will defer full funding of two FFGs, while providing funds for long lead items. This will allow the funding of critical MK-13 missile launcher subsystems as well as the more orderly production of the same total number of ships as was originally planned.

—$150 million in reductions in the program to procure naval nuclear reactor cores and components. This reduction will simply permit a readjustment of procurement plans to more modest but realistic inventory requirements.

Support Programs

We plan to reduce FY 1978 TOA by $807 million for what constitute largely combat support and combat service support programs. The bulk of this reduction would come from Army programs ($529 million), partly to prevent unnecessary overfunding of long leadtime items, and partly to maintain a low level of production for lesser-priority equipment such as the M-8 Chemical Alarm system and

Summary of Amended

FY 1978 Department of Defense Budget

By Program, Component and Budget Title
(Total Obligational Authority—In Millions of Dollars)

	January	Amendment	February
DoD Program			
Strategic Forces	11,015	-396	10,619
General Purpose Forces	44,348	-2,313	42,035
Intelligence and Communications	8,239	—	8,239
Airlift and Sealift	1,674	-17	1,657
Guard and Reserve Forces	7,162	-50	7,112
Research and Development	11,067	-251	10,816
Central Supply and Maintenance	11,790	+226	12,016
Training, Medical, Other Gen Per Act	24,335	+51	24,386
Administration and Assoc Activities	2,260	-25	2,235
Support of Other Nations	1,259	-2	1,257
Total Direct Program (TOA)	123,150	-2,777	120,373
DoD Component			
Department of the Army	30,175	-580	29,595
Department of the Navy	41,085	-953	40,132
Department of the Air Force	35,958	-1,230	34,729
Defense Agencies, OSD and JCS	4,250	-20	4,231
Defense-wide	10,561	+8	10,568
Civil Preparedness, DCPA	91	—	91
Military Functions	122,120	-2,775	119,345
Military Assistance Program	1,030	-2	1,028
Total Direct Program (TOA)	123,150	-2,777	120,373
DoD Budget Title			
Military Personnel	27,662	-76	27,586
Retired Pay	9,058	-2	9,056
Operation and Maintenance	34,951	+/189	35,140
Procurement	35,143	-2,934	32,209
Research, Development, Test, Evaluation	12,137	-263	11,875
Special Foreign Currency Program	2	—	2
Military Construction	1,494	1+301	1,795
Family Housing and Homeowners Asst Prog	1,411	+10	1,420
Civil Preparedness, DCPA	91	—	91
Revolving and Management Funds	171	—	171
Military Functions	122,120	-2,775	119,345
Military Assistance Program	1,030	-2	1,028
Total Direct Program (TOA)	123,150	-2,777	120,373

Note: In the FY 1978 column, amounts for military and civilian pay increases and other proposed legislation are distributed. Details may not add to totals due to rounding.

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the Universal Equipment Transporter. Total reductions in this area would come to $651 million.

Another reduction of $156 million would be made up of:

—$92 million from the adjustment in the communications and electronics programs of the three Services to allow for more realistic schedules in development projects and in the award of procurement contracts.

—$14 million from termination of the Uniformed Services University of Health Sciences, before incurring even larger costs of its operation.

—$50 million from a reduction in the number of Naval Reservists being paid for 48 drills each year; the total number of Naval Reservists will remain unchanged, but 40,000 billets will move from Selected Reserve to Individual Ready Reserve (drilling for two weeks each year).

Other Changes

In addition, we have supported the rescissions (less already obligated funds) to the FY 1977 defense budget proposed by the previous administration, with particular reference to the cancellation of both the fourth Nimitz-class carrier and the Aegis conversion of the LONG BEACH. As part of our own review, we are also proposing termination of Minuteman III missile procurement. Some FY 1977 funds will be applied to procure 60 guidance units and 60 third stage propulsion motors.

Conclusion

When President Carter directed this initial review of the defense programs and budget, he instructed me to:

- ensure that the U.S. military posture is made fully responsive to national security needs;
- eliminate those programs that contribute only marginally to U.S. and allied security; and
- defer programs where doubts exist about the value they add to our combat effectiveness.

The amendments described here are intended to respond to those instructions. The revised budget presented by the President for FY 1978 will provide for real but prudent growth in the resources allocated to defense. These programs, as modified, will increase the combat readiness of our manpower and materiel. Essential modernization of the current force structure will continue. Concurrently, we will pursue savings in the areas of military manpower and base structure, in favor of investment in combat readiness, to ensure that the American people receive a return in defense and deterrent effectiveness commensurate with the costs of their Armed Forces.

WHO'S NEWS IN DEFENSE

Assignments

RADM. Monroe

Rear Admiral Robert R. Monroe has been named Director, Defense Nuclear Agency (DNA), and nominated for promotion to vice admiral. He comes from a job as Commander, Operational Test and Evaluation Force at Norfolk, Va.

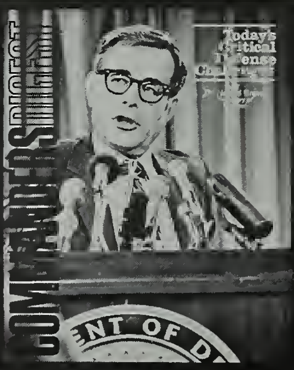
David E. McGiffert, 51, has been nominated by the President to become Assistant Secretary of Defense (International Security Affairs). He served as Under Secretary of the Army (1965-1969) and Assistant Secretary of Defense (Legislative Affairs) from 1962 to 1965.

John M. Sullivan, 52, was nominated by the President to become Assistant Secretary of Defense (Manpower and Reserve Affairs). An Annapolis graduate (1947), and naval aviator in the early 1950s he comes to DoD from his own die casting firm in New Jersey.

Gerald P. Dinneen, 52, was nominated by the President to be the new Assistant Secretary of Defense with no designation. He is the former Director of MIT Lincoln Laboratory at Lexington, Mass. and a member of the Scientific Advisory Committee to Defense Intelligence Agency.

Retirement

Air Force General Paul K. Carlton, Commander in Chief of the Military Airlift Command (MAC) will be retired in grade, effective April 1. General Carlton entered the military in September 1941.



COVER: Secretary of Defense Brown discusses budget amendments at Pentagon briefing.

Vol. 20, No. 5
March 3, 1977

A publication of the Department of Defense to provide official and professional information to commanders and key personnel on matters related to Defense policies, programs and interests, and to create better understanding and teamwork within the Department of Defense.

Published bi-weekly by the American Forces Press Service, 1117 N. 19th St., Arlington, Va. 22209, a unified activity of the Office of Information for the Armed Forces, OASD (PA). Reproduction of content is authorized.

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Subscription Price: $17.00 domestic per year; $4.00 additional for foreign mailing; 65 cents per single copy.
☆ U.S. GOVERNMENT PRINTING OFFICE 240-827/V-12